Governmental Health Group of Rhode Island Minutes Regular Meeting of the Board of Directors Wednesday, September 26, 2007

A regular meeting of the Board of Directors was held on Wednesday, September 26, 2007, at the East Bay Collaborative, 317 Market Street, Warren, Rhode Island.

Roll Call:

Board of Directors

Jane F. Correia	Director	Present
Shawn J. Brown	Director	Present
David P. Faucher	Director	Present
Robert Mushen	Director	Excused
Miriam Goodman	Director	Excused
Nancy Lalli	Director	Excused
Glenn Steckman III	Director	Present
Robert Murray	Director	Present

Alternate Board Members:

Edward Mara	Alternate	Excused
Catherine McLeish	Alternate	Present
Christine Tague	Alternate	Present
Harold "Ron" Devine	Alternate	Present
Maureen Macera	Alternate	Excused
Michael Saunders	Alternate	Present
Vacant	Alternate	Excused
Joanne Vecchio	Alternate	Excused

Others Present

Lynne Dible	Secretary	Present
Kevin Walsh	Group Benefits Strategies	Present
Stephen Zubiago	Nixon Peabody LLP	Excused
Bill Thompson	Milliman	Present

Call to Order:

President Faucher called the meeting to order at 9:40 a.m. Secretary Dible reported that a quorum was present.

Agenda:

A motion was made by S. Brown, seconded by J. Correia, to approve the agenda for the 09/26/2007 regular meeting. The motion was approved unanimously.

Secretary's Report:

A motion was made by J. Correia, seconded by S. Brown, to approve the minutes (previously emailed) of the regular meeting held 8/22/2007. The motion was approved unanimously.

Treasurer's Report:

S. Brown reported that for the period ending 08/31/2007, financial activity was again consistent with prior months and noted that he had made changes to the Balance Sheet to reflect the Milliman Report for the IBNR and Contingency Reserve at 6/30/2007. He reported that a net loss of \$127K was posted for the month of August 2007, which reflects how premiums paid in are now much closer to claims being paid out. He also reported that cash flow was good for the month. He added that all fieldwork for the audit had been completed and that the FY2007 Audit will be presented by CCR at the October 2007 meeting.

A motion was made by R. Murray, seconded by M. Saunders with R. Devine abstaining, to approve the Treasurer's Report for the period ending August 31, 2007 as presented. The motion was approved unanimously.

- B. Thompson of Milliman reviewed the report (previously emailed) which goes into great detail about estimates for the June 30, 2007 incurred but not reported (IBNR) claim reserve for the GHGRI. He explained that the recommended IBNR was calculated using a traditional claim triangle analysis and, at 6/30/07, is estimated to be \$2.7M with an additional 3%-5% reserve, or \$80K-\$135K to cover any claims settlement expenses. He added that the estimated IBNR at 6/30/06 of \$2.85M was a bit conservative.
- B. Thompson went on to discuss the second request made by GHGRI regarding an analysis from Milliman on the claim fluctuation reserve that GHGRI should be holding to cover claims experience that exceeds the total expected claims experience funded by the premiums. He explained how Milliman developed a claim probability distribution that shows the expected distribution of claim amounts and then adjusted the distribution to take into account the \$200K individual stop loss protection that was in place at 6/30/07. He explained the results of these models as probabilities of exceeding existing average expected claims. He added that the GHGRI needs to determine how much risk it is willing to take on. Last fiscal year the GHGRI chose a 95% confidence level for one year. B. Thompson recommended using this confidence level, but for at least a two-year period.

A motion was made by S. Brown, seconded by J. Correia, requesting that B. Thompson of Milliman calculate a 2-year Claim Fluctuation Reserve at a 95% confidence level. The motion was approved unanimously.

Warrants:

A motion was made by S. Brown, seconded by M. Saunders, to approve the October 2007 Warrant Summary which was presented verbally by K. Walsh. The total amount to be paid is \$424,166.23. The motion was approved unanimously.

Self-Funded Cost vs. Funding Analysis:

K. Walsh provided an overview of the Self-Funded Cost vs. Funding Analysis, which is at an overall cost/funding ratio of 94.7% as of the end of August 2007.

<u>High Cost Claims Report:</u> K. Walsh reported there were four excess claims over \$200K totaling \$363K for the fiscal year, all which have been reimbursed.

Old Business:

New Members / Eligibility / Legal Review: D. Faucher reported that the meeting with the Northern Rhode Island Collaborative (NRIC) had taken place, but he had not heard anything from them regarding their interest in joining the GHGRI. K. Walsh added that E. Providence Schools had contacted him relative to joining the GHGRI. He reported that they have been self-funded for ten years, and the numbers did not make sense for them to join, but he would meet with them and report back to the group next month. Discussions continued regarding what the GHGRI should require from new members, such as joiner fees or imposing severe financial penalties for early withdrawal of new members. It was determined that a New Member Policy had not been formally approved yet and the Executive Board was tasked with preparing a draft New Member Policy for review and approval at the October meeting that would address all of these issues.

Stop Loss Agreement FY2007 and FY2008 legal review status: K. Walsh reported that Blue Cross agreed to the changes proposed by S. Zubiago for the 2007 and 2008 Stop Loss Agreements. A motion was made by J. Corriea, seconded by S. Brown, to approve and execute the FY07 and FY08 Stop Loss Agreements as amended by S. Zubiago. The motion was approved unanimously.

GHGRI Administrative Services Agreement Amendment / WRI Agreement Amendment legal review status: K. Walsh reported that Blue Cross agreed to the changes proposed by S. Zubiago for Amendment #3 of the Administrative Services Agreement. A motion was made by R. Murray, seconded by S. Brown, to approve and execute the Administrative Services Agreement Amendment #3, as amended by S. Zubiago. The motion was approved unanimously.

K. Walsh reported that he is still working with Blue Cross on the amendments to the WRI Agreement, and will present the final proposed document at next month's meeting for a vote by the Board.

New Business:

Surplus Distribution Options: Discussions continued regarding a surplus distribution and the potential ways to distribute the GHGRI surplus to each member. It was decided that it would be best to wait until next month when the audit was complete and the actual surplus numbers are known before the Board votes on a surplus distribution methodology.

Status of Dental RFP: Continued to the October 2007 Regular Meeting.

Other Business:

R. Murray reported that a survey from the State Department of Education was being distributed around the state looking for comparisons of health and dental plans with the State contract. He suggested the GHGRI prepare one response for all member school departments.

Adjournment: A motion to adjourn at 11:30 a.m. was made by D. Faucher, seconded by S. Brown. The motion was approved unanimously.

The next regular meeting and the annual meeting will be on October 24, 2007 at the East Bay Educational Collaborative in Warren, RI.

Respectfully submitted,

Lynne S. Dible, Secretary